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Research Flash

Nicola Mining – Received Positive Initial Assay Results from Red Eye Project

Rating	Target Price
BUY	**$1.50**
Unchanged	*Unchanged*

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Disseminated on behalf of Nicola Mining

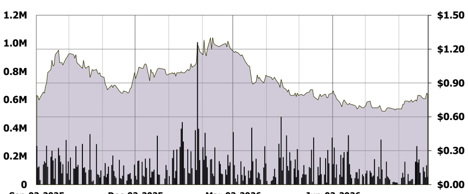
All figures in CAD unless otherwise stated

Nicola Mining Inc.	**NIM:TSXV**
Rating	BUY
Target Price	$1.50
Return to Target	90%

Market Data	
Share Price	$0.79
Average Daily TSXV Volume (K)	169.9
FD ITM Shares (M)	234.6
Market Cap ($M)	$185.3
Cash & Marketable Securities ($M)	$11.5
Debt ($M)	$0.4
Enterprise Value ($M)	$174.3

Valuation	
New Craigmont Project ($M)	$92.7
Merritt Mill & Tailings Facility ($M)	$231.3
Treasure Mountain Silver Mine ($M)	$9.9
Dominion Creek (75% Interest) ($M)	$13.9

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



Nicola Mining Inc. is a junior mining company that maintains a 100% owned mill and tailings facility, located near Merritt, British Columbia and has signed Mining and Milling Profit Share Agreements with high grade gold projects. Nicola's fully permitted mill can process both gold and silver mill feed via gravity and flotation processes.

What you need to know:

- Nicola announced that it has received positive initial silver and gold assay results from two mill feed stockpiles comprised of material from the Red Eye Resources project.
- A total of 47.8kg of samples were collected, representative of two stockpiles (34.3kg from a 1,200t stockpile and 14.9kg from a 300t stockpile).
- We remind readers that Nicola recently announced a profit share agreement with a private B.C. explorer, Red Eye Resources Ltd.
- We recently published an interview with President and CEO Peter Espig. Click here to watch the full interview.

This morning, Nicola Mining (NIM:TSXV, NICM:NASDAQ) reported initial assay results from two Red Eye Resources stockpiles that it is evaluating as a potential mill feed, roughly two weeks after signing a profit share agreement with the private B.C. explorer (read our note here). A total of 47.8kg of surface samples were collected across the two piles, which together hold ~1,500t of material (about 1,200t in the larger pile and 300t in the smaller). With the material now characterized, Nicola will move forward with laboratory simulations to maximize recovery. **We are maintaining our BUY rating and our $1.50/share target price on Nicola Mining.**

The samples returned a weighted average grade of 2.83 g/t Au and 753.41 g/t Ag. While a small sample size, the results give us confidence that gold grades largely range between 0.1 and 0.7 g/t, with sample RE-04 being an outlier at 18.2 g/t Au. Silver grades ranged between 18 and 243 g/t across the reported samples, with RE-04 again the outlier at 4,817 g/t Ag (see Table 1 in the Company's release here).

Sampling was carried out by hand from the surface of each pile, with individual samples averaging 3 to 6kg in size, and the material was analyzed for gold and silver by an independent laboratory. Because the material was collected from the surface, the results are not representative of the entire volume of the material, and more material was added to the larger pile after sampling was completed.

Our Take

Today's announcement is a critical step in the due diligence of the recently announced profit share agreement with Red Eye Resources. Fortunately, silver and gold assays from this relatively small sampling program returned mostly consistent grades between 0.1-0.7 g/t Au and 18-243 g/t Ag (with a notable outlier in sample RE-04, returning much higher grades of 18.2 g/t Au and 4,817 g/t Ag). This first pass sampling program is a necessary step to validate the ore and proceed with laboratory simulations and likely more sampling in the future. We anticipate Nicola will continue to announce updates on this new partnership with the hope of a positive decision to go forward with processing. We remind readers of Nicola's objective to become a consolidator of small gold and silver mining projects in B.C., building a hub and spoke model with the hub being the permitted and operating 200tpd Merritt Milling Facility (with room for expansion).

Catalysts

- New Craigmont Exploration – Ongoing
- Merritt Mill Production Growth and New Partnerships – Ongoing
- Merritt Mill Throughput Permit Amendment – Ongoing
- Cash Flow Acceleration – 2026

Why We Like NIM

- The New Craigmont Copper Project has all the signs of a legitimate copper asset, and the historical high-grade copper mine only increases our confidence in the Company discovering a sizeable resource.
- Nicola's Merritt Mill and Tailings facility is being utilized for profit-sharing agreements, where it processes ore for its partners in the region. This business is just beginning to ramp up, and we expect new partnerships and cash flows to start rolling in.
- NIM's Mill and the Sand/Gravel Pit and Rock Quarry businesses provide non-dilutive cash flow to fund exploration of its core assets. Additionally, the Pit and Quarry are operated by local Aboriginal communities, strengthening its relationships with key stakeholders.
- The Treasure Mountain Mine hosts a silver, lead, and zinc resource and is fully permitted for mineral extraction, making it a highly attractive asset for partnerships with other miners.

Disclosures

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NOT RATED (N/R): Atrium does not provide research coverage on the respective company.

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